

## REPORT

## 25X1

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1. The Canton Military Control Commission is making a survey and inspection of American property in Canton. They have received orders to await notice for immediate confiscation.\* No reason is known for these expected orders.
2. The import trade of all essential commodities is being absorbed by the Canton Military Control Commission, which has delegated the responsibility to the South China Trading Company\*\* of supplying all rice, etc. to food stores in Canton and Kwangtung Province. Independent merchants can still import cigarette paper, caustic soda, and other industrial chemicals.
3. Canton is showing signs of tension under the sporadic air raids of the Nationalists. The necessity for a continual alert and other defensive ground activities are doing more damage to the morale of the people than the bombings.
4. Economic tension is increasing; many people are being arrested because they cannot or will not pay taxes or public compulsory loans.\*

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